

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
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SIL-01 OMB-01 DODE-00 PM-05 H-01 L-03 NSC-05
PA-01 SS-15 USIA-06 AGRE-00 /091 W
-----109578 212015Z /43

R 211947Z FEB 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5017
INFO ALL EC CAPITALS
AMEMBASSY MADRID

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 03314

USEEC

E.O. 11652: GDS
TAGS: EEC, SP, ECIN
SUBJ: EC/SPAIN RELATIONS -- RENEGOTIATION OF THE 1970
AGREEMENT

REF: BRUSSELS 19203

1. SUMMARY: EC/SPANISH RENEGOTIATION OF THE 1970 TRADE AGREEMENT BEGAN FEBRUARY 9 WITH OPENING STATEMENTS BY BOTH SIDES. THE MAIN ISSUES ARE SPAIN'S DEMAND FOR GREATER EC CONCESSIONS FOR SPANISH AGRICULTURAL PRODUCTS, AND THE EC'S DEMAND FOR A SUBSTANTIAL REDUCTION OF SPAIN'S INDUSTRIAL TARIFFS. SPANISH DELEGATION ADOPTED TOUGH STANCE, LABELLING THE EC COMMISSION'S COUNCIL-APPROVED NEGOTIATING MANDATE AS GENERALLY UNACCEPTABLE. HOWEVER, THERE WAS NO MAJOR CLASH BETWEEN THE TWO SIDES WHICH AGREED TO ESTABLISH JOINT WORKING GROUPS TO CONSIDER EACH OTHER'S PROPOSALS IN DETAIL. ACCORDING TO SPANISH MISSION OFFICIAL, NEGOTIATIONS PROMISE TO BE COMPLEX. END SUMMARY.

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2. EC COMMISSION AND SPANISH DELEGATIONS RESUMED DISCUSSIONS ON REVISING THE 1970 EC-SPAIN TRADE AGREEMENT FEBRUARY 9, FOLLOWING THE EC COUNCIL'S ADOPTION OF NEGOTIATING DIRECTIVES FOR THE COMMISSION IN DECEMBER (REFTEL). ACCORDING TO SPANISH MISSION AND COMMISSION SOURCES, MEETING CONSISTED OF STATEMENTS OF POSITION, WITH THE EC COMMISSION QUICKLY REVIEWING ITS PROPOSALS

AND THE SPANISH PRESENTING A DETAILED OUTLINE OF ITS
OBJECTIONS WHICH COVERED THE FOLLOWING POINTS:

A. SPAIN WILL NOT AGREE TO PROTRACTED NEGOTIATIONS ON THE
1970 AGREEMENT SINCE THIS WOULD RISK HAVING THESE
NEGOTIATIONS RUN SIMULTANEOUSLY WITH EC-SPAIN ACCESSION
TALKS, THUS COMPLICATING THE LATTER. A DEFINITIVE
SETTLEMENT IN ALL ASPECTS OF THE TRADE AGREEMENT MUST
BE CONCLUDED QUICKLY SO THAT BOTH PARTIES CAN CONCENTRATE
ON THE ACCESSION TALKS.

B. SPAIN IS PREPARED TO EXTEND THE 1970 AGREEMENT TO THE
UK, IRELAND AND DENMARK TO TAKE INTO ACCOUNT THEIR ENTRY
INTO THE COMMUNITY AND TO "LEGALIZE" THE AUTONOMOUS
MEASURES ALREADY ADOPTED BY EC AND SPAIN IN THIS REGARD
LAST YEAR.

C. SPAIN WILL NOT ACCEPT ANY NEW RESTRICTIONS ON SPANISH
PRODUCTS IN A NEW AGREEMENT BECAUSE ANY SUCH
MEASURES WOULD BE CONTRARY TO THE 1970 ACCORD AND WOULD
CONSTITUTE A STEP BACKWARD.

D. SPAIN REITERATES ITS CLAIM FOR ADEQUATE ADDITIONAL EC
CONCESSIONS FOR SPANISH AGRICULTURAL PRODUCTS. SPAIN
WANTS ITS AGRICULTURAL EXPORTS TO THE UK (WHICH IS NOT
COVERED BY THE 1970 AGREEMENT) TO BE MAINTAINED AT THE
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LEVEL THAT EXISTED PRIOR TO BRITISH ENTRY INTO THE
COMMUNITY. MOREOVER, SPANISH AGRICULTURAL PRODUCTS SHOULD
ENJOY THROUGHOUT THE COMMUNITY A POSITION EQUAL TO THAT
ACCORDED SUCH PRODUCTS FROM OTHER MEDITERRANEAN COUNTRIES
WITH WHICH THE COMMUNITY HAS AGREEMENTS.

E. SPAIN IS PREPARED TO ACCEPT TARIFF REDUCTIONS ON EC
INDUSTRIAL PRODUCTS AS PROPOSED BY THE COMMISSION, BUT
ONLY ON A GRADUAL BASIS, AND ONLY IF THE CONCESSIONS
SPAIN DEMANDS IN THE AGRICULTURAL SECTOR ARE GRANTED.

F. SPAIN IS PREPARED TO AGREE TO THE COMMISSION'S
CURRENT PROPOSALS RELATING TO STEEL BUT ON A MORE GRADUAL
BASIS THAN PROPOSED BY THE COMMISSION. SPAIN WILL NOT
ACCEPT ECSC PRICE REGULATIONS NOW AS SUGGESTED BY THE
COMMISSION, BECAUSE SPAIN IS NOT A MEMBER OF THE ECSC AND
CONSEQUENTLY HAS NO SAY IN DETERMINING STEEL PRICES.
SPAIN IS CURRENTLY APPLYING ECSC STEEL PRICES OF ITS OWN
ACCORD BUT RESERVES THE RIGHT TO MAKE CHANGES AS
APPROPRIATE.

G. SPANISH QUOTAS FOR EC PRODUCTS AS PRESCRIBED UNDER THE

1970 AGREEMENT, WILL CONTINUE TO INCREASE BUT UNDER A MORE FLEXIBLE SCHEDULE THAN ENVISAGED IN 1970.

3. COMMISSION OFFICIAL SAID THE SPANISH RESERVATIONS WERE ANTICIPATED BUT THAT THE COMMISSION CONSIDERS SPANISH COUNTER PROPOSALS TO BE CONSTRUCTIVE. COMMISSION OFFICIAL FURTHER SAID THAT COMMISSION SHARES SPANISH VIEW THAT NEGOTIATIONS ON 1970 AGREEMENT AND ACCESSION SHOULD NOT TAKE PLACE CONCURRENTLY. SOURCE SAID IT WAS DECIDED TO SET UP EC-SPANISH WORKING GROUPS TO EXAMINE IN MORE DETAIL EACH OF THE SECTORS IN THE TRADE AGREEMENT. COMMISSION SOURCE SAID THAT THE IDEA OF CREATING WORKING

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GROUPS IS NOT TO GAIN MORE TIME BUT RATHER TO GIVE IMPETUS TO THE NEGOTIATIONS THROUGH A MORE THOROUGH EXAMINATION OF THE POINTS OF CONTENTION. HE NOTED THAT AN INHIBITING FACTOR IN TALKS' PROGRESS IS THE FRENCH ELECTIONS IN MARCH.

4. COVERING OTHER ASPECTS OF THE EC/SPANISH RELATIONS, SPANISH MISSION AND COMMISSION OFFICIALS NOTED THAT A SPANISH NEGOTIATOR FOR ACCESSION DISCUSSIONS HAS NOW BEEN NAMED(COLVO SOTELO) WHICH WILL ENABLE THESE TALKS TO MOVE FORWARD. SPANISH SOURCE ACKNOWLEDGED THAT FAULT RESTED WITH SPAIN FOR NOT HAVING MOVED FASTER TO NAME NEGOTIATOR BECAUSE OF POLITICAL PROBLEMS AT HOME. COMMISSION OFFICIAL OBSERVED THAT SPANISH NEGOTIATOR WILL BE RESPONSIBLE FOR ALL OF SPAIN'S RELATIONS WITH THE COMMUNITY.

5. CONCERNING CURRENT, SEPARATE NEGOTIATIONS IN THE FISHERIES, TEXTILES, STEEL SECTORS, WHICH ARE INDEPENDENT OF THE TALKS ON THE 1970 AGREEMENT, AND OF THE ACCESSION DISCUSSIONS, SPANISH MISSION SOURCE SAID THAT THINGS ARE NOT GOING AS WELL AS COULD BE HOPED. HE NOTED THAT
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DISCUSSION OF STEEL PRICING WITH EC IS STILL GOING FORWARD. HE THOUGHT DIFFERENCES WOULD BE RESOLVED SOON AND COMMENTED THAT COMMISSION VICE PRESIDENT DAVIGNON IS VERY KEEN ON REACHING AN ACCORD. COMMISSION AND SPANISH SOURCES SAID THAT NO AGREEMENT IS IN IMMEDIATE SIGHT WITH RESPECT TO NEGOTIATIONS ON TEXTILES. THE DIFFICULTY, ACCORDING TO SPANISH SOURCE, RESIDES IN THE FACT THAT THE COMMUNITY IS ADOPTING A PROTECTIONIST ATTITUDE BUT IS NOT PREPARED TO LET THE SPANIARDS PURSUE A SIMILAR POLICY WITH RESPECT TO EC PRODUCTS IN THE SPANISH MARKET. SOURCE SAID THAT AN ACCORD ON FISHERIES IS DEPENDENT ON THE COMMUNITY'S FIRST REACHING A COMMON EXTERNAL FISHERIES POLICY. COMMISSION OFFICIAL NOTED, HOWEVER, THAT HE EXPECTED A "FRAMEWORK AGREEMENT" ON FISHERIES TO BE REACHED BY JUNE. HINTON

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